



Department of Justice

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TWO NORTHERN VIRGINIANS INDICTED IN REAL ESTATE BID RIGGING SCAM

WASHINGTON, D.C. -- Two northern Virginia real estate speculators were indicted today for participating in criminal bid rigging schemes to hold down prices at residential real estate auctions in northern Virginia, said the Department of Justice's Antitrust Division.

The two conspired with a group of other real estate speculators who agreed not to bid against each other at real estate foreclosure auctions, the Department said. Their agreement allowed them to buy real estate for low, noncompetitive prices, and deprived homeowners facing foreclosure of the equity in their homes.

The charges against Mija S. Romer of Arlington, Virginia, and Khem C. Batra of Burke, Virginia, were filed in U.S. District Court in Alexandria, Virginia, as a result of the Department's ongoing antitrust investigation into foreclosure auction bid rigging in northern Virginia. Three others, Alexander Giap, Leo Gulley and Donald M. Kotowicz, have already pleaded guilty as part of the same bid rigging scheme.

Twelve individuals and one corporation were convicted from 1989 to 1991 after the Department's previous investigation of real estate auction bid rigging in Washington, D.C.

Anne K. Bingaman, Assistant Attorney General in charge of the Department's Antitrust Division, said, "This bid-rigging scam is a first class rip-off. It kicks people who are already down--homeowners facing foreclosure. It cheats them out of whatever equity they have in their homes."

The Department's Antitrust Division and U.S. Attorney Helen F. Fahey, of the Eastern District of Virginia, worked jointly to bring about today's charges.

Romer and Batra were charged with bid rigging, mail fraud, and obstructing tax enforcement. Their involvement in the bid rigging conspiracies began as early as May 1993 and continued through April 1995, the Department said.

The grand jury charged that the conspirators suppressed bidding at public auctions. After their designated bidder bought a property at an auction, they would meet secretly to hold a second auction. There, each conspirator bid an amount above the public auction price. The conspirator who bid the highest amount won the property. That amount was the group's illicit profit, and it was divided among the conspirators in payoffs made later.

Both Romer and Batra were charged with mail fraud in connection with mailing payoffs of their bid rigging scheme.

Romer and Batra also were charged with conspiring to obstruct tax enforcement by agreeing to conceal their bid rigging payoffs by making them in cash.

In addition, Romer was charged with bank fraud for submitting a false income tax return to obtain a loan.

Bingaman said the northern Virginia antitrust investigation is being conducted by the Division's Litigation I Section with the assistance of the Federal Bureau of Investigation and the Internal Revenue Service.

Romer faces imprisonment of up to 43 years and fines of up to \$1.6 million or more depending on losses created by the crime.

Batra faces imprisonment of up to 13 years and fines of up to \$850,000 or more depending on losses created by the crime.

The maximum penalty for a person convicted of a Sherman Act bid rigging violation committed after November 16, 1990, is three years imprisonment and a fine of the greatest of \$350,000, twice the pecuniary gain the person derived from the crime, or twice the pecuniary loss suffered by the victims of the crime.

The maximum penalty for a person convicted of mail fraud is five years imprisonment and a fine of the greatest of \$250,000, twice the pecuniary gain the person derived from the crime, or twice the pecuniary loss suffered by the victims of the crime.

The maximum penalty for a person convicted of the tax enforcement obstruction charge faced by Romer and Batra is five years imprisonment and a fine of the greatest of \$350,000, twice the pecuniary gain the person derived from the crime, or twice the pecuniary loss caused by the crime.

The maximum penalty for a person convicted of bank fraud is 30 years imprisonment and a fine of \$1 million.

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